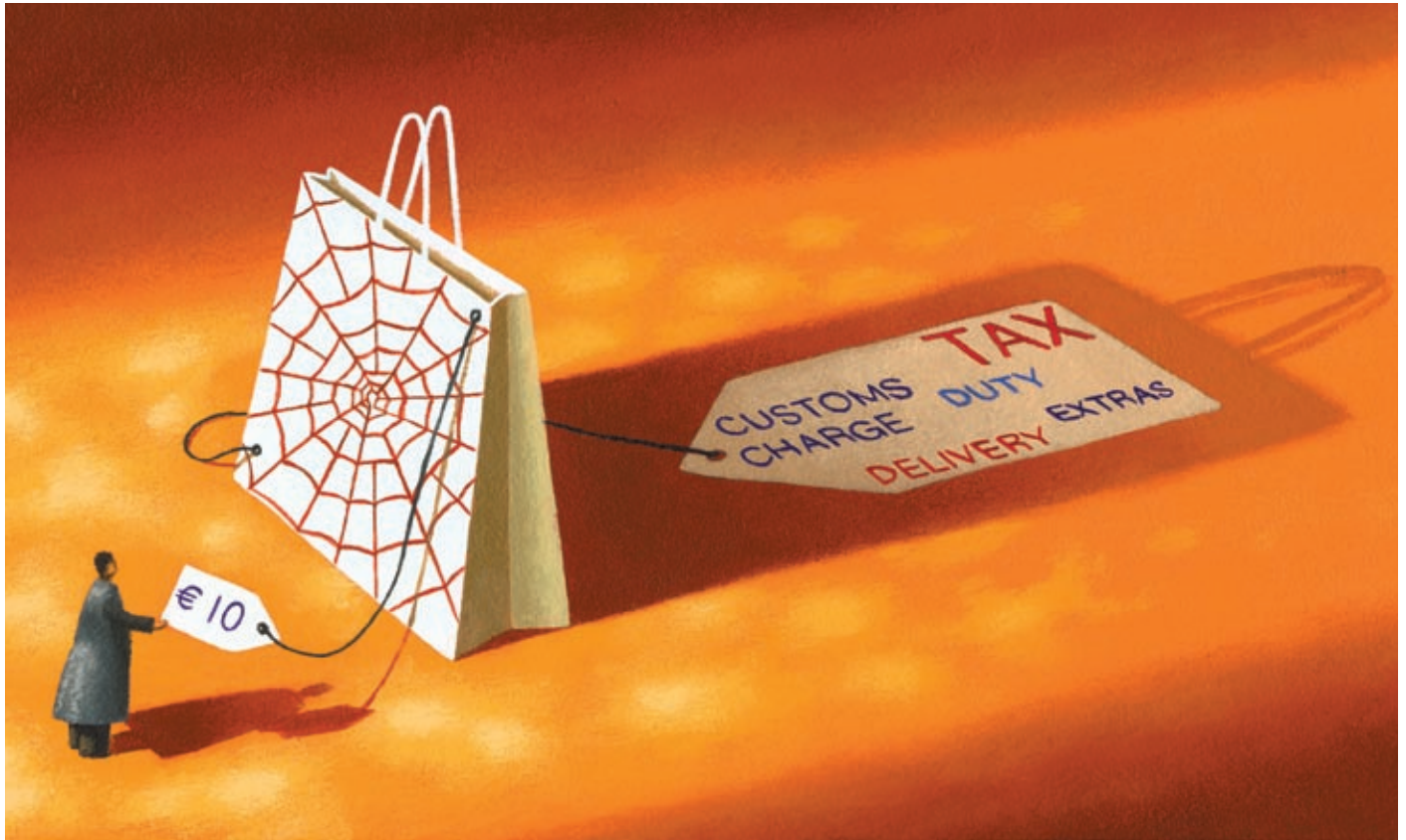




For a few dollars less

'Rip-off Britain' is a phrase we're all familiar with, but can buying abroad really save you money? Martin Cooper investigates the advantages and the hidden costs of shopping outside the UK

ILLUSTRATION: JAMES FRYER

Do you ever feel that Brits get a raw deal? If many stories are to be believed, we pay well over the odds for life's little luxuries such as electronics, CDs and DVDs. But can these tales of cheap shopping elsewhere be trusted? Can you really save yourself a fortune by buying online from foreign websites? To find out, *Computer Shopper* stocked up on euros and dollars, logged on and investigated.

FINDING A BARGAIN

The first step is to find out whether the item you're after is actually cheaper abroad. Start by shopping around in the UK using price comparator websites such as <http://froogle.google.co.uk>. Then find the same product on sale abroad – try <http://froogle.google.com> for US vendors – and compare the two prices using the currency converter at www.xe.com. Don't get too excited just yet, though, as the onscreen price on the foreign site is just the starting point.

Depending on what you buy and from where, you may have to pay duty, VAT, customs handling fees and high delivery costs. Some credit cards make an extra charge if you buy something in a

foreign currency. All these extras add up and may transform your bargain into a financial burden. With the additional concerns of compatibility and warranty coverage, what may initially have seemed an easy way of saving £20 probably looks quite unappealing by now. Still, if your potential saving is much greater, it's worth looking at buying from abroad in a little more depth.

WILL IT WORK?

When shopping beyond our shores the emphasis is on the buyer to understand the purchase. Specifications often differ, sometimes subtly and at other times radically, in different parts of the world. Don't assume that you'll get the same product you saw in your local high street.

DVDs are a prime example. The movie industry has divided the world into six regions so that it can stagger releases. America is Region 1, Europe Region 2 and so on. A full list is available at www.dvddept.com/dvd_regions.asp.

DVD players sold in Europe should be locked to play only Region 2 DVDs. So, if you buy a Region 1 disc from America, it won't play on your European Region 2 player. The same goes for



PlayStation 2 and Xbox consoles and games. As a buyer, it's up to you to know this.

There's no legal way to get around games console regions, but you can play any DVD on a region-free DVD player. Few players are region-free when they leave the factory, but many can be converted using a hack code that you simply type in using the remote control. Some stores such as Richer Sounds (www.richersounds.com) sell DVD players that have been modified to be multi-region, and you may be able to convert your existing player yourself. See www.videohelp.com/dvdhacks.php for details. Doing so may not please the film industry, but there's nothing illegal about multi-region players or buying discs from other regions.

If you're buying electrical goods, you'll need to check that they will work in the UK. Computer and audiovisual equipment generally uses the same interconnect standards all over the world, but video standards vary, so you'll have difficulty using an American video camera with UK video equipment.

DANGER HIGH VOLTAGE

Mains voltages and plug types vary widely. Most of Europe's mains power runs at 220V, which is sufficiently similar to the UK's 230V not to be a problem. Therefore, all you need to do is change the plug or use a plug adaptor. However, the mains supply in the US and many other countries runs at around 110V, so US electrical equipment may malfunction if you plug it into the UK mains. Most devices get around this by using an auto-switching mains adaptor or input. Look out for the phrase 110-240V on the specifications, or contact the vendor if you're unsure.

Alternatively, you could buy a UK mains adaptor for your device locally. A representative from HP told us that the company will "sell the specific country variant of the power cord and/or adaptor providing it is not an integral part of the system box". As these are classed as customer replaceable (CSR) parts, the customer can

BUYING WHILE ABROAD

When you go abroad on holiday, you're entitled to bring certain quantities of goods back into the UK without paying duty or VAT. If you're travelling outside the EU and the goods are for your own use, you can bring home, among other things, 200 cigarettes or 250g of tobacco, one litre of spirits and £145 of "goods, gifts and souvenirs", which is essentially a catch-all for anything you've bought while abroad. If you go over these thresholds, which are known as your personal allowance, you'll have to pay the relevant taxes and duties on the full value of goods, not just the part that exceeds the personal allowance.

At \$299 (around £170), a 20GB iPod exceeds the £145 limit, so you would have to declare it and pay around £30 in tax. However, a 6GB iPod mini costs \$249 (currently around £142), so as long as you don't have anything else to declare you'll be fine.

DUTY RATES

You'll pay different rates of duty depending on what you buy. A few examples are on the right, and you can find more at <http://tinyurl.com/9jInc>. Here you'll find details of a huge number of goods commonly bought over the internet. However, even this list isn't fully comprehensive as there are many more categories, and rates are subject to change.

For a precise figure on a product's duty rate, you need to find its TARIC code, a 10-digit code used in the EU to classify product types. Visit <http://tinyurl.com/9377q> to find the TARIC code of the product you're after, then go to <http://tinyurl.com/e38ha> and click option 1. Enter the code, without spaces, and the country you're importing from, and the site will give you the current duty rate. However, if the duty amounts to less than £7, you won't have to pay it.

COMMON INTERNET GOODS	STANDARD DUTY RATES
Digital still camera	Free
Camcorder without any inputs	4.9%
Camcorder with input sockets	14%
Webcam	4.9%
Laptop or desktop PC	Free
Handheld portable	Free
Handheld portable with calculator function	3.7%
Audio CDs, video and game discs	3.5%
CD-ROM with data or programs	Free
DVD player/recorder	14%
CD player	9.5%
PC monitor (plasma, LCD or CRT)	Free
MP3 player	2%
MP3 player with radio	10%

replace them without invalidating the warranty. Replacement adaptors can be expensive, though, with branded notebook and camera adaptors costing £40 or more. Generic universal adaptors can be cheaper, but you use them at your own risk.

Powering a foreign iPod is cheap and easy. You can buy an Apple World Travel Adaptor Kit for £29 from www.apple.com/uk (or \$39 from US suppliers) or simply charge it from your PC through its USB cable.

Software has its own set of pitfalls. At the time of writing, Amazon.com in America sells Windows XP Home Upgrade for \$95 (around £53) and a full version for \$190 (around £105). These prices are quite a bit cheaper than those at Amazon.co.uk, which charges £89 and £150 respectively. But what are the downsides? Would Windows Product Activation refuse to activate an American copy of XP on a UK computer? A Microsoft spokesperson explained, "problems with activation wouldn't be expected... Geographic restrictions are not normally placed on [Microsoft's] consumer licence agreements. Therefore it is unlikely to amount to a contravention of the licence agreement." That said, Microsoft does not consent to the importing of Microsoft software from outside the European Economic Area. The company stated that people who buy from abroad do so at their own risk.

The product you buy abroad may work in the UK, but is it legal to use it? A classic example is the Griffin iTrip, a device that allows you to broadcast

your iPod's music collection over FM frequencies so you can listen to it through your car stereo. Although you can import such a device easily, using it contravenes the Wireless Telegraphy Act (1949). This forbids the use of FM broadcast equipment without a licence.

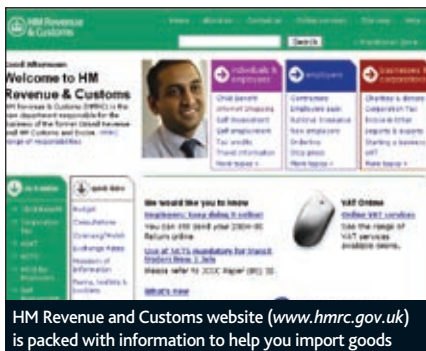
The use of foreign cordless phones, Citizens' Band radios and video senders in the UK may be similarly affected, so tread carefully before you import a device that broadcasts signals or you could end up with a fine. See <http://tinyurl.com/abus5> for full details of the laws and Acts involved.

CUSTOMS AND TAX

Whether or not you're charged VAT or duty on foreign purchases may feel like a lottery, but the rules are fixed and not too complicated. However, you may be surprised to hear that when you order something from a foreign store, legally you are the importer. This has two main implications: it's your responsibility to ensure that goods are properly labelled for UK customs to process, and any charges due must be paid on delivery.

Mail order companies should be used to making the correct customs declaration on a form attached to the outside of the package. This declaration includes a description of the goods, their value and whether they are gifts or commercial items. Some overseas sellers advertise that they will deliberately describe wrongly or under-declare the value of an order to evade

▲ As an importer you are responsible for the correct labelling of goods and any tax or duty that's due



customs charges that are legally due. Other foreign sites don't mention duty or tax. Ultimately, if the declaration is found to be false or misleading you may face financial penalties or criminal prosecution. You could also forfeit your goods. Poorly described declarations also delay the passage of a package through customs.

There are three types of tax to consider: Value-Added Tax (VAT), Excise Duty and Customs Duty. In the UK, VAT is set at 17.5 per cent but there are exceptions such as books and children's clothes, which are exempt. When you buy from web stores based in the European Union, VAT is added to your purchase, either at the country of origin's VAT rate or, if the company is VAT registered in the UK, at the UK rate. If you buy from a store based outside the European Union, UK VAT must be paid on delivery regardless of any tax you've been charged by the retailer. The exceptions are exempt goods (such as books) and packages worth less than £18.

Excise Duty is a tax on alcohol and tobacco, cosmetics, petrol and gambling. You'll often find that goods whose consumption impacts on public health and social order attract Excise Duty. This tax is usually based on quantity rather than value and generally adds significantly to the price. Visit <http://customs.hmrc.gov.uk> to find out the rates.

Customs Duty applies only to purchases from stores outside the EU. The rate varies according to the product type – see the Duty Rates box opposite for more details. Again, you'll need to pay this to the courier or postman on delivery. However, if the Duty is less than £7 you won't be charged.

SOFTWARE DOWNLOADS

Buying software from an internet download site is completely different. We asked HM Revenue and Customs to explain how it collects VAT on this kind of purchase. "Electronically supplied services are liable [for] VAT throughout the EU, including those received from non-EU suppliers by persons [resident] in the EU." This maintains a level playing field as UK suppliers are not disadvantaged by the VAT treatment of download sales. No matter what the country of origin, downloads are subject to VAT if certain conditions are met.

If you pay \$100 to a US company for a download, this represents a supply from the American company to the UK. Here's the important bit. The spokesperson explained that, "if the value of this and any other supplies into the UK exceeds the registration threshold (currently £60,000), the supplying company becomes liable to register for VAT and to account for tax on the supply in the same way as domestic suppliers."

In a nutshell, if you buy and download expensive software from a big company the supplier charges you UK VAT. However, if you buy from a small business that does little trade in the UK, no VAT is likely to be charged.

DELIVERY

When you buy from a website you generally have to use its postage and packaging system. But while it's easy to work out if a British company is fleecing you over postage, how can you tell if an American company is charging well over the odds?

You can get a good idea of how much US postage costs by visiting <http://ircalc.usps.gov>, the

COMPARING PRICES

Use this checklist to work out whether a foreign purchase is worthwhile (typical costs for a 60GB iPod in grey)

Website price (inc local tax)	\$399
Delivery to UK	\$20
Price plus delivery in GBP	£239.08
UK VAT (for non-EU products worth £18 or more)	£41.84
Duty rate (non-EU only)	2%
Duty (n/a if less than £7)	[£4.78]
Customs handling charge	£4
TOTAL	£284.92
UK price	£299
Saving	£14.08

website of the United States Postal Services. Here you'll find a useful cost calculator that can help you work out how much international delivery is likely to cost. For example, an iPod 60GB weighs 1.5lb including its packaging. To send one from the US to the UK costs around \$20 and takes between four and 10 days using the Airmail Parcel Post service. A CD might cost \$3 to post, and it might cost over \$160 to ship 12 bottles of wine from the US.

Couriers and Royal Mail also charge for getting your package through customs. According to its website, Royal Mail has a basic charge of £4 if customs charges are made. The more complex the customs procedure, the more it costs. Express clearance and high-value packages may cost £13.50. If the company has to hold a package while waiting for customs clearance, it will charge you £5.50 or more per parcel. Private courier firms have their own charges, so find out which one a retailer uses and check its handling charges.

WHAT IF SOMETHING GOES WRONG?

Getting a refund, replacement or repair for faulty goods can be a pain. This can be especially true of mail-order goods and even more so when they're bought from foreign countries. Ideally you'll be allowed to make warranty claims to the manufacturer in the UK rather than the foreign retailer. This is at the manufacturer's discretion, though, so contact the UK branch first to find out where you stand.

The knowledge base on JVC's website makes an important point: "To obtain service under warranty in the UK for products purchased abroad it is essential that you obtain and retain a proper, dated, purchase receipt together with an official JVC printed warranty certificate." A reseller's stamp or a promise of a guarantee is likely to be of little value in the UK. Under these circumstances you'll probably have to pay to send the goods back to the country you bought them from.

Apple's iPod has generous warranty rules. We asked if the customer has to send a faulty iPod back to the country of origin if it needs to

be mended. The company stated that "iPods have a worldwide guarantee," so you should be able to get your US-bought MP3 player mended by Apple in the UK.

UK consumers are protected by several pieces of legislation when buying goods over the internet. One of these is Section 75 of the Consumer Credit Act 1974. This stipulates that when you use a credit card to buy goods that cost more than £100 and less than £30,000, the credit card company is equally liable for any claim you may have against the trader. In other words, if a seller goes bust before your goods arrive or refuses to honour a warranty, you can claim the money back from the credit card company.

When you buy goods from outside the UK, Section 75 is less clear cut. A spokesperson from Morgan Stanley explained: "It's hard to give hard and fast rules on this as [...] a recent court case [ruled] that Section 75 does not cover foreign transactions. However, websites are more complex – it depends on where the customer is located, where the website is hosted and the target

audience of the website... In principle though, the same rules apply, so foreign transactions are not covered – but what is a foreign transaction in the context of websites?" It appears that the European Union still has some deciding to do.

Outside the EU the situation is clearer as, according to Morgan Stanley, there is no "international law". If someone buys something from a US website aimed at US customers, the Section 75 liability is unlikely to apply. However, Morgan Stanley said it would do its best to reimburse a customer even if it were not legally obliged to do so. This would happen only after the company had looked closely at each case.

If your credit card provides insurance against breakage and breakdowns, don't assume that it will cover foreign purchases. NatWest's Advantage Gold extended warranty, which gives you an extra year's warranty on electrical goods, covers only foreign goods that can be mended in the UK. Nationwide, on the other hand, says that no goods bought abroad are covered under its extended warranty system.